

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

Davis and Small Decor Inc

South Carolina Manufacturing Extension Partnership

Better Planning Helps Davis & Small Decor Make Better Business Choices

Client Profile:

Davis and Small Decor, Inc. was founded by Tom Davis in 1986 as a manufacturer of custom made decorative signs for individual clients. After Sam Small joined the company as a partner in 1988, the product line expanded to include signs for specific professions (i.e., doctors and lawyers), signs for catalog distributors, and even a series of signs for golfer Jack Nicklaus. Today the company employs 32 people and owns a 26,000 square foot plant in Charleston, South Carolina.

Situation:

Although Davis and Small Decor, Inc.'s size and product offerings expanded over time, the company's business practices had not evolved to meet its changing needs. The company only used 50 percent of its manufacturing space (60 percent of capacity), had no defined sales plans or targets, no marketing plan, and little available customer data. Cash flow difficulties caused by late customer payments and high levels of finished goods inventory crippled Davis and Small's ability to turn a profit; in fact, the company had enough finished goods in inventory to equal its \$2 million in annual sales. Additionally, the generation of original artwork frequently created bottlenecks in production. Competition in the marketplace had significantly eroded market share and margins when Davis and Small Decor asked for help from the South Carolina Manufacturing Extension Partnership (SCMEP), a NIST MEP network affiliate.

Solution:

SCMEP recommended that Davis and Small execute a visioning and strategy session to answer some difficult questions. Chief among these were the personal desires of the principals, the expectations of the stakeholders, and the impact of growth on the company from both a financial performance and management expertise standpoint. SCMEP brought in The Focus Group, a consulting firm that specializes in constraint management, to assist with the process. Ed Young of The Focus Group led the discussion, which enabled Davis and Small to examine the assumptions upon which the company had been built and attempt to validate those assumptions against the current environment. Out of this session came the development of a clearly articulated and reasonably executable strategy. Because the increased number of products dramatically increased the management and complexity of producing these offerings, SCMEP helped Davis and Small streamline the company's manufacturing process. Inventory reduction became a

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key part of this process. Rather than maintaining expensive inventory, SCMEP helped Davis and Small reduce production cycle time to a much shorter span, only maintaining the minimum level of inventory necessary to buffer high-volume sellers. The philosophy of the company became make-to-order, not make-to-stock. SCMEP also helped the sign company change its staffing procedures. Rather than hiring additional full-time help during peak times as it had in the past, Davis and Small began using help from temporary agencies as needed.

SCMEP helped Davis and Small to develop a clear, data-supported picture of the market as a whole, the subsections of the whole, and the players in that market. With a clear picture of factors adding up to profitability, including the information available from operations improvements, the company learned how to approach the market. Together SCMEP and Davis and Small developed a step-by-step plan of the company's approach to new markets.

Results:

Reduced inventory.

Reduced lead times.

Revised employee hiring process by making use of employees from temporary agencies for crunch times.

Established an order tracking system.

Established key indicators to trace production cycle trends.

Scheduled production to improve on-time delivery, saving money spent on overnight shipping.

Testimonial:

"The South Carolina Manufacturing Extension Partnership put us in a place where we no longer have to build inventory while increasing our efficiency and our capacity. We want to keep them around here for a long time to come."

Tom Davis, Owner